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UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration
Washington 25, D. C.

Administrative Bulletin

SUBJECT: Policy with Respect to Depreciation to be Charged by
REA-financed Cooperatives

The policy of this Administration with respect to depreciation to be charged by REA-financed cooperatives shall be as hereinafter set forth.

1. Borrowers shall record on an accrual basis each month an appropriate charge to reflect the estimated depreciation or decline in value of their capital assets in accordance with the following annual rates of depreciation for various plant items:

<u>Plant Item</u>	<u>Annual Rate</u>
Utility Plant	
Steam Production	2.52%
Internal Combustion	
High Speed	7.00%
Low Speed	3.00%
Distribution Plant	3.48%
General Plant	
Office Buildings - Wood	3.00%
Office Buildings - Concrete	2.00%
Office Furniture and Equipment	6.00%
Transportation Equipment	33.33%
Stores, Shop and Laboratory Equipment	6.00%
Communication Equipment	10.00%
Miscellaneous Equipment	4.00%

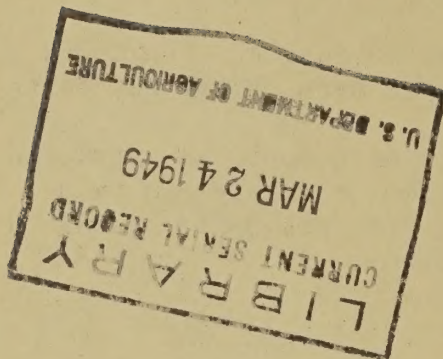
Depreciation for other plant items shall be charged in accordance with rates approved by the Administrator.

2. The charges made in accordance with these depreciation rates shall be reflected in the financial statements submitted by borrowers to this Administration.

3. The effective date of applicability of these depreciation rates by all borrowers shall be that of initial energization.
4. This Bulletin supersedes all other existing instructions in conflict with its provisions.

Claude B. Wickard

Administrator



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